

Constant Returns Are Not Reality

Receiving the average rate of return each year vs. what you actually receive each year through a fluctuating market are two very different things.

Assumptions:

Beginning Value: \$1,000,000

Income Target: \$100,000

Number of Years: 20

S&P 500 TR Average Annual Return: 11.09%

This hypothetical example illustrates the results based on a static rate of return over a 20 year period.

Retirement Year	Annual Return [^]	Annual Income	Ending Account Value
1	11.09%	\$100,000	\$1,008,990
5	11.09%	\$100,000	\$1,051,708
10	11.09%	\$100,000	\$1,148,813
15	11.09%	\$100,000	\$1,320,786
20	11.09%	\$100,000	\$1,625,354

[^] The annual return used in this example is based on the average annual return of the S&P 500 Total Return Index for the 20 year period ending December 31, 2021.

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Retirement Income Sequence of Return Risk Hypothetical

Assumptions:

Beginning Value: \$1,000,000

Income Target: \$100,000

Number of Years: 20

S&P 500 TR Average Annual Return: 11.09%

This hypothetical example illustrates the impact of fluctuating rate of return on ending account value over a 20 year period.

Retirement Year	Annual Return [^]	Annual Income	Ending Account Value
2002	-22.10%	\$100,000	\$710,100.00
2003	28.68%	\$100,000	\$773,495.48
2004	10.88%	\$100,000	\$746,771.79
2005	4.91%	\$100,000	\$678,528.28
2006	15.80%	\$100,000	\$669,935.75
2007	5.50%	\$100,000	\$601,282.22
2008	-37.00%	\$100,000	\$315,807.80
2009	26.50%	\$100,000	\$272,996.86
2010	15.06%	\$100,000	\$199,050.19
2011	2.11%	\$100,000	\$101,140.15
2012	16.00%	\$100,000	\$1,322.57
2013	32.40%	\$100,000	\$(130,648.91)
2014	13.69%	\$100,000	\$(262,224.75)
2015	1.38%	\$100,000	\$(367,223.45)
2016	11.96%	\$100,000	\$(523,103.37)
2017	21.83%	\$100,000	\$(759,126.84)
2018	-4.38%	\$100,000	\$(838,679.62)
2019	31.49%	\$100,000	\$(1,234,269.83)
2020	18.40%	\$100,000	\$(1,579,775.48)
2021	28.71%	\$100,000	\$(2,162,039.02)

[^] The annual return used in this example is based on the actual annual return of the S&P 500 Total Return Index from January 2002 through December 2022. Source: Morningstar

This is a hypothetical example for illustrative purposes only and is not representative of the past or future performance of any specific investment. Past performance is no guarantee of future results.

The S&P 500 Total Return Index is an unmanaged index comprised of 500 large capitalization companies and includes the reinvestment of dividends. The index cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. This example does not reflect the impact of taxes or investment expenses. It also assumes no withdrawals other than the annual income have been taken.